



# The Role Of Liberalisation In India's Economic Growth



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## Introduction

**As the global economy surged, India embraced economic liberalization in 1991, a pivotal move for national development. Despite earlier setbacks in 1966 and 1980, this strategic shift marked a turning point, prioritizing dynamism in response to global trade dynamics.**

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## What Is Economic

Liberalisation entails reducing government control in economic activities, aligning with free market principles. Advocates often favor lower taxes and reduced social security and unemployment benefits.

**India initiated an economic reform programme with two main sets of measures -**



**Macroeconomic  
Stabilisation Measures**



**Structural  
Reform  
Measures**



## **Macroeconomic Stabilisation Measures**

These actions aim to boost overall demand in the economy, both domestically and internationally. Focusing on creating quality jobs is essential to elevate purchasing power and drive domestic demand.



## **Structural Reform Measures**

This category involves government policy adjustments to enhance the overall supply of goods and services, often by removing barriers that limit productivity and output potential.

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## Objective of liberalisation

- To foster engagement of domestic private enterprises as well as multinational corporations from India.
- To facilitate the global expansion of the Indian economy.
- To enhance foreign trade for bolstering the nation's exports.
- To address the balance of payments challenge confronted by India.
- To augment the participation of the private sector in India's economic advancement.
- To elevate foreign direct investment in the Indian industrial landscape.
- To promote healthy competition among domestic enterprises.

## What Were These New Policies?

- Financial Sector Reforms
- Tax Reforms
- Trade and Investment Policy Reforms
- External Sector Reforms
- Deregulation of the Industrial Sector
- Foreign Exchange Reforms
- Foreign Trade Policy Reforms



# What were the advantages of liberalisation on our country's economy



Free Capital Flow in  
The Economy



Diversification of  
Investor Portfolio



Improvement of Stock  
Market Performance



Impact on The  
Agricultural Sector

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